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NATIONAL COMMUNICATIONS FROM PARTIES NOT INCLUDED IN ANNEX I TO THE CONVENTION

PROVISION OF FINANCIAL AND TECHNICAL SUPPORT

Report on inputs from Parties to the review by the Global Environment Facility of enabling activities on climate change

Note by the secretariat

I. INTRODUCTION

1. The Conference of the Parties (COP), by its decision 12/CP.4,[1] requested the secretariat to compile and make available to the Subsidiary Body for Implementation (SBI) a report containing views and concerns[2] identified by Parties not included in Annex I to the Convention (non-Annex I Parties), and to ensure that such views are taken into account in this review.

2. The SBI at its tenth session further agreed[3] that this report should be based on views submitted by Parties with regard to the GEF review of enabling activities, statements made by Parties during the discussion of this issue at that session, information included in the initial national communications from non-Annex I Parties, further views to be submitted by Parties, and

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[1] For the full texts of decisions adopted by the Conference of the Parties at its fourth session, see document FCCC/CP/1998/16/Add.1.

[2] On the GEF review of enabling activities on climate change.

[3] FCCC/SBI/1999/8, paragraph 35 (a).

any other guidance the Parties might give to the secretariat, as well as all relevant decisions of the COP.

II. SCOPE

3. Section III of this report presents an overview of the existing provisions in the framework of the Convention which relate to enabling activities, including relevant COP decisions, as well as information provided by the GEF in its annual reports to the COP on how it has applied the COP guidance and decisions in its climate change activities. Section IV summarizes views and comments expressed by Parties in submissions on the GEF review of enabling activities and in statements made during the discussion at the tenth session of the SBI on this issue and other issues related to enabling activities. It also highlights major problems, constraints and concerns as reflected in 13 initial national communications submitted by non-Annex I Parties. The last section draws general conclusions from the information in the preceding two parts.

III. FRAMEWORK FOR ENABLING ACTIVITIES

A. Guidance from the Conference of the Parties

4. Decision 11/CP.1[4] laid down the foundation for enabling activities, which have been defined as activities that will facilitate implementation, in accordance with the Convention, of effective response measures, such as planning and endogenous capacity-building, including institution-strengthening, training, research and education.

5. These activities concern measures related to both the communication of information, as envisaged in Article 12.1 of the Convention, which are eligible for "agreed full costs"[5] funding, and the implementation of response measures envisaged in Article 4.1, which are eligible for "agreed full incremental costs"[6] funding. In the initial period, emphasis should be placed on funding these activities.[7]

6. By its decision 11/CP.2, paragraph 1 (a),[8] the COP further requested the GEF to "implement strategies on enabling activities in accordance with decision 11/CP.1 which facilitate endogenous capacity-building, including data collection and archiving, consistent with the policy

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[4] For the full texts of decisions adopted by the Conference of the Parties at its first session, see document FCCC/CP/1995/7/Add.1.

[5] See decision 11/CP.1, paragraph 1 (c)(ii) and Article 4.3 of the Convention.

[6] See footnote 4.

[7] See decision 11/CP.1, paragraph 1 (b)(i).

[8] For the full texts of decisions adopted by the Conference of the Parties at its second session, see document FCCC/CP/1996/15/Add.1.

guidance, programme priorities and eligibility criteria provided to it by the Conference of the Parties."

7. The COP also requested the GEF, together with its implementing agencies, to "expedite the approval and the disbursement of financial resources to meet the agreed full costs incurred by the developing country Parties in complying with their obligations under Article 12.1 of the Convention, in accordance with Article 4.3, and in particular for the initial and subsequent preparation of national communications of non-Annex I Parties. In this regard, the guidelines and format adopted by the Conference of the Parties at its second session on the preparation of initial national communications by non-Annex I Parties, contained in decision 10/CP.2, shall form the basis for the funding of communications from non-Annex I Parties under Article 12.1 of the Convention".[9]

8. The guidelines[10] specify the scope and structure of the initial national communication, as well as the timing of, and the language used for, the submission.

9. Additional guidance to the GEF was provided by the COP in decision 2/CP.4, which noted the continued concerns and difficulties encountered by developing country Parties with the availability and disbursement of financial resources, including for the transfer of technology, the problems arising from the GEF project cycle, the application of the concept of incremental costs, and the availability of resources through the GEF implementing/executing agencies, and noted also the current and ongoing efforts of the GEF to address these concerns.

10. On the basis of decisions 11/CP.1, 10/CP.2, 11/CP.2 and 12/CP.2, decision 2/CP.4 highlighted a number of areas in which support for capacity-building is still needed by non-Annex I Parties. These include: implementation of Stage II adaptation[11] activities in particularly vulnerable countries and regions identified in Stage I activities; assessment of technology needs; participation in systematic observational networks; studies leading to the preparation of national programmes to address climate change, compatible with national plans for sustainable development; improvement of national activities for public awareness and education on climate change and response measures; and designing, evaluation and management of country-driven projects, among others.

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[9] Decision 11/CP.2, paragraph 1 (c).

[10] "Guidelines for the preparation of initial communications by Parties not included in Annex I to the Convention," decision 10/CP.2, annex.

[11] Decision 11/CP.1, paragraph 1 (d)(ii) defines Stage II adaptation as "measures, including further capacity-building, which may be taken to prepare for adaptation, as envisaged by Article 4.1(e)".

B. Reports of the Global Environment Facility

11. As required by decision 12/CP.2,[12] the GEF has presented annual reports[13] to the COP, highlighting its activities in climate change during each reporting period, and outlining the action and measures it has taken to implement the guidance and decisions of the COP.

12. The GEF has developed an operational strategy[14] to guide it in the preparation of country-driven initiatives in its four focal areas. In climate change, the strategy provides for three categories of activities: (i) operational programmes[15] encompassing long-term measures; (ii) enabling activities that specifically support national communications, including Stage I adaptation[16] activities; and (iii) short-term response measures.

13. In response to decision 11/CP.1, the GEF prepared the *Operational Criteria for Enabling Activities for Climate Change* to guide the enabling activities related to the preparation of national communications based on the provisions of Article 12.1. However, in light of decision 11/CP.2, these operational criteria were replaced by the *Operational Guidelines for Expedited Financing of Initial Communications from Non-Annex I Parties*, which became effective in February 1997.

14. The Operational Guidelines, which draw on the detailed guidelines established by decision 10/CP.2, form the basis for the expedited financing of initial national communications. They do not, however, address enabling activities other than those related to national communications. The financing for these other enabling activities "is available through the normal procedures for GEF financing".[17] The recommended ceiling for funding under the

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[12] "Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility".

[13] The GEF reports to COP 2, COP 3 and COP 4 are contained in documents FCCC/CP/1995/4; FCCC/CP/1996/8; FCCC/CP/1997/3; and FCCC/CP/1998/12, respectively.

[14] Operational Strategy *of the Global Environment Facility* (February 1996).

[15] There are three climate change operational programmes (OP): OP Number 5: Removal of barriers to energy efficiency and energy conservation; OP Number 6: Promoting the adoption of renewable energy by removing barriers and reducing implementation costs; OP Number 7: Reducing the long-term costs of low greenhouse gas-emitting energy technologies (see GEF Operational Programs, June 1997). Elements of two new operational programmes have been approved by the GEF Council: one on transport and the other on carbon sequestration (see footnote 22 and also Joint Summary of the Chairs, GEF Council Meeting, 5-7 May 1999).

[16] Decision 11/CP.1, paragraph 1 (d)(i) defines Stage I adaptation as "planning, which includes studies of possible impacts of climate change, to identify particularly vulnerable countries or regions and policy options for adaptation and appropriate capacity-building".

[17] See *Global Environment Facility Operational Guidelines for Expedited Financing of Initial Communications from Non-Annex I Parties (February 1997).*

expedited procedures is US$ 350,000 per recipient country.[18] Up to 15 per cent of the total budget is to be made available for start-up work as soon as the Chief Executive Officer of the GEF approves the project proposal.[19]

15. Meanwhile, the GEF has made certain efforts to cater for the concerns expressed by the Parties by streamlining its project cycle, increasing support for country-level coordination, strengthening its monitoring and evaluation programme, ensuring that its activities are country-driven and consistent with national priorities and objectives, further developing its resource allocation strategy to maximize the effectiveness of its climate change activities and making the process of determining incremental costs more transparent and pragmatic.[20]

16. In 1996, the GEF financed the global project "CC:TRAIN Phase II Programme",[21] which aims to enhance the technical capacity of a number of non-Annex I Parties to prepare initial national communications. This project will end in 1999.

17. In 1998, the GEF approved another global project entitled "National Communication Support Programme", which aims to improve the quality, comprehensiveness and timeliness of the initial communications from non-Annex I Parties.[22] This project will end in 2000.

18. As of 30 June 1999, financing for enabling activities related to the preparation of national communications, mostly under expedited procedures, in 134 countries had been approved, as indicated in the GEF report (FCCC/CP/1999/3) which will be considered by the COP at its fifth session.

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[18] Consistent with decision 2/CP.4, the present scope of the expedited procedures for enabling activities will be revised in order to allow recipient countries to address immediate capacity-building priorities. The GEF may approve up to US$ 450,000 per country for enabling activities through expedited procedures, including revisions to initial projects. See Joint Summary of the Chairs, GEF Council Meeting, 5-7 May 1999.

[19] See "Report of the Global Environment Facility to the third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change" (FCCC/CP/1997/3).

[20] See "Report of the Global Environment Facility to the fourth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change" (FCCC/CP/1998/12), and also Joint Summary of the Chairs, GEF Council Meeting, 5-7 May 1999.

[21] See "Report of the Global Environment Facility to the second session of the Conference of the Parties to the United Nations Framework Convention on Climate Change" (FCCC/CP/1996/8) and FCCC/SBI/1999/INF.7.

[22] See footnote 20.

IV. INPUTS FROM PARTIES ON THE GEF REVIEW OF ENABLING ACTIVITIES

A. Summary of views submitted by Parties

19. As of 31 August 1999, eight Parties, namely Mexico, the Philippines, Switzerland, the United States of America,[23] Chile, Kenya, the Sudan and Uzbekistan[24] had made submissions on the GEF review of enabling activities.

20. In particular, the six non-Annex I Parties expressed their views and concerns based on their own experience with enabling activities related to the preparation of initial national communications. Many of these concerns are common, such as further need for capacity-building, including institution-strengthening, while others are specific to national circumstances, such as the need to establish a national process for elaborating or revizing national action plans on response to climate change. The issues raised range from the scope of the GEF review of enabling activities, its process, composition and the extent of participation, to technical and financial support needed for an enlarged scope of enabling activities, problems with project implementation (difficulties with implementing agencies), funds disbursement and the transparency of the enabling activities project review and approval process.

21. The major issues and concerns raised in the submissions are briefly synthesised as follows:

Scope and participation

22. The scope of the review should cover all enabling or capacity-building activities rather than just those related to the preparation of national communications. Other multilateral and bilateral contributions to enabling activities should be included. It should address all issues and concerns identified by non-Annex I Parties in the implementation of enabling activities.

23. The review process should be more transparent to include relevant stakeholders.

Financial and technical support

24. New and additional funds are needed for the enlarged scope of enabling activities as reflected in decision 2/CP.4. There is a need to establish national processes for elaborating or revising national action plans on response to climate change, including capacity-building and institution-strengthening. Existence of technological gaps within non-Annex I Parties should be recognized.

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[23] See FCCC/SBI/1999/MISC.2 for submissions from Mexico, the Philippines, Switzerland and the United States of America.

[24] See FCCC/SBI/1999/MISC.5 for submissions from Chile, Kenya, the Sudan and Uzbekistan.

25. In particular, technical and financial support in the following areas is still needed:

(a) Greenhouse gas inventories: there is a need to enhance national capacity for data collection, management and analysis, including the adaptation of inventory software applicable to national circumstances. For those non-Annex I Parties which have completed their initial national communications, there is a need to update the GHG inventories, using improved regional emission coefficients;

(b) Mitigation options: social, economic and environmental impacts of various mitigation options should be assessed, including carbon sequestration and energy technologies assessments;

(c) Regional studies on vulnerability and adaptation;

(d) Support for studies on climate variability and climate change; climate monitoring and observations;

(e) Development of information systems;

(f) Appropriate use of national experts.

Operational issues

26. Some non-Annex I Parties have experienced difficulties with the GEF implementing agencies. One submission pointed out that the implementing agencies, in general, fail to take into account paragraph 4 of decision 2/CP.4,[25] and hence there is a need to ensure consistency of the action taken by the implementing agencies with the Convention and the decisions of the COP.

27. One submission expressed the view that the GEF review should focus on operational effectiveness, including an analysis of (i) the performance of enabling activity projects, so that remedial action can be taken for those which performed unsatisfactorily; (ii) project design and implementation; and (iii) the relation between enabling activities and economic development programmes, including uses of development assistance.

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[25] Paragraph 4 of decision 2/CP.4 requests the GEF to ensure that its implementing/executing agencies are made aware of Convention provisions and decisions adopted by the Conference of Parties in the performance of their GEF obligations, and are encouraged, as a first priority, whenever possible, to use national experts/consultants in all aspects of project development and implementation.

Enabling activities project review and approval process

28. One non-Annex I Party, based on its own experience, appealed for a more transparent project review process, including consultation with the GEF Scientific and Technical Advisory Panel when controversy arises due to the technical content of the project and/or appropriateness of the proposed budget.

29. Another non-Annex I Party advocated for more transparency in the project approval process, including the disclosure of the level of funding originally requested and that finally approved, with an explanation for the discrepancies.

Funds disbursement

30. One submission called for disclosure of the dates of the effective availability of funds to the Parties for the preparation of their initial and subsequent national communications. Another submission on a related issue requested the processes leading to the approval and disbursement of GEF funds to be expedited.

Provision of information

31. One submission requested that the following information be provided:

(a) Number of projects submitted to implement Article 4.1 and in accordance with Article 12.4, and the number of these projects accepted and rejected;

(b) Examples of the application of the concept of agreed full incremental costs for the implementation of measures under Article 4.1, and agreed full costs with a view to determining the implementation of Article 4.3 of the Convention.

Second national communications

32. For those non-Annex I Parties which have completed their initial national communications, funds are required for the second national communications, so that the process of national communication can be sustained.

B. Statements made by Parties at the tenth session of the SBI

33. At the tenth session of the SBI, many Parties expressed their views during the discussion of the GEF review of enabling activities, including the Philippines on behalf of the Group of 77 and China, and Germany on behalf of the European Community and its member States. As enabling activities are also related to national communications from non-Annex I Parties and to provision of financial and technical support, the views expressed during the discussion of these two issues are also included in this synthesis. Other Parties which expressed views on the enabling activities and related issues were: Australia, Botswana, Brazil, China, Japan,

the Republic of Korea, Saudi Arabia, Switzerland, Togo, the United Kingdom (also on behalf of the European Community and its member States) and the United States of America.

34. Many of the issues raised in these statements had also been raised in earlier sessions, as reflected in decision 2/CP.4, and in the submissions made before the tenth session of the SBI.[26] These include: the availability and timeliness of financial and technical support; training; timely completion of initial national communications; guidelines for second national communications; and transfer of technology, among others.

35. Some of the constraints encountered by non-Annex I Parties and their needs are common, while others are differentiated. For example, one Party cited the difficulties of many francophone countries in applying computer models published only in English. There are widely differing views between the United States and the European Community and its member States on the one hand, and the Group of 77 and China on the other, regarding the performance of the GEF, as well as the revision of guidelines for second national communications.

36. The issues raised are summarized below:

Scope of the review

37. One Party was of the view that the scope of the review should be extended beyond the GEF initiatives to other actors while another Party suggested that the review should include the proposals contained in FCCC/SBI/1999/MISC.1 (i.e. the views of the Parties on consideration and timing of second national communications from non-Annex I Parties).

Financial and technical support

38. Some Annex I Parties were of the view that the financial mechanism is responding adequately and that the GEF is working reasonably well. On the other hand, many non-Annex I Parties have experienced the constraints of the GEF support, including insufficiency of funds; hence, more financial and technical assistance is needed, particularly for the small island States.

39. To many non-Annex I Parties, there is still a lack of financial and technical support, and financial resources are a prerequisite for national communications.

40. A few non-Annex I Parties found the Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories and climate models complex and difficult, and IPCC default values inapplicable to local conditions, therefore assistance is required to address these issues.

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[26] See FCCC/SBI/1999/MISC.2 for submissions from Mexico, the Philippines, Switzerland and the United States of America.

Training

41. Some non-Annex I Parties recognized that capacity-building, including training, is time-consuming. A non-Annex I Party recommended a longer training period in developing countries in which the technical infrastructure is insufficient, and that training of local experts should be given according to their respective areas and in their respective languages.

42. Some Annex I Parties suggested that the CC:TRAIN programme be reviewed.[27] There is a consensus among both Annex I and non-Annex I Parties that more regional training efforts should be promoted.

National communications

43. Further assistance and additional funds are needed to improve the initial communications of non-Annex I Parties (e.g. development of national emission factors and improvement of systematic observation). The support for national communications should be continuous to make the process sustainable.

44. Some Annex I Parties pointed out the importance of national communications from non-Annex I Parties and that national GHG inventories of non-Annex I Parties should be revised. They recommended country visits of expert teams, which could be helpful in understanding the special conditions of developing countries. Further compilation and synthesis reports should take such information into account.

45. Some Annex I Parties recommended that new or revised guidelines be adopted for the second national communications of non-Annex I Parties. On the other hand, many non-Annex I Parties expressed the view that revision of the guidelines is not possible until experience shows how the current guidelines have been used.

C. Information reported in initial national communications

46. As at 31 August 1999, 13 non-Annex I Parties had submitted their initial national communications.[28] Of these, only the Republic of Korea had not requested any financial support to prepare its initial national communication.

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[27] CC:TRAIN Phase II Programme was evaluated by an independent consultant in 1998 and the evaluation report was considered by a tripartite review team on 3 November 1998 in Buenos Aires, Argentina.

[28] These are: Argentina, Armenia, Egypt, the Federated States of Micronesia, Georgia, Jordan, Kazakhstan, Mauritius, Mexico, the Republic of Korea, Senegal, Uruguay and Zimbabwe.

47. Each initial communication has highlighted certain financial and technological needs and constraints of the Party, as largely reflected in the compilation and synthesis report.[29] In particular, Armenia, Georgia and Kazakhstan, whose economies are in transition, face certain problems which are unique to their situation. On the other hand, the Federated States of Micronesia and Mauritius, being small island States, are far more concerned with accelerated sea-level rise and adaptation measures.

48. The dominant theme is the need for further assistance and capacity-building in various areas, including the following:

(a) Updating and improvement of GHG inventories on a continuing basis;

(b) Assistance in identifying specific response measures and assessing the effectiveness of such measures. The main needs include information (measurements and data), methodologies (integrated assessment - to determine the economic and social implications of the options and to integrate measures identified into national sustainable development), technical training (to understand and assess climate risk) and institutional capacity enhancement (to develop and operate analytical models to assess the economic and social costs and benefits of the potential measures);

(c) Assessment of environmental, economic and social costs and benefits of climate change impacts and adaptation measures for a number of key economic sectors such as agriculture, water resources, coastal zones, fisheries, human health and natural ecosystems, including analysis of cross-sectoral effects and impacts;

(d) Strengthening of institutions for research, monitoring and environmental management. Assistance was requested for sectors such as agriculture, water resources, coastal zone management and natural ecosystems. Parties also requested assistance for the implementation measures to address climate change. These measures include the development of institutional capacities for research and training to facilitate the transfer of environmentally sound technologies. Assistance was also requested for implementing projects in areas such as energy efficiency, renewable energy, fuel switching, efficient public transport and sink enhancement to abate emissions and for the development of appropriate regulatory and legislative frameworks;

(e) Systematic observation of the climate system, environmental monitoring systems, data collection and climate change modelling.

(f) Improved information flows, scientific research, and infrastructure.

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[29] See also FCCC/SBI/1999/11.

V. CONCLUSIONS

49. Decision 11/CP.1 provided a broad framework for enabling activities, which include those related to the funding of "agreed full costs" of preparing initial national communications under Article 12.1 and those related to the funding of "agreed full incremental costs" of implementing response measures under Article 4.1. Further, guidance to the GEF on implementing these activities is provided in decisions 10/CP.2, 11/CP.2 and 2/CP.4.

50. As the operating entity of the financial mechanism of the Convention, the GEF has made efforts to respond to the COP guidance but despite those efforts, non-Annex I Parties still have major concerns. These concerns touch upon issues related to the availability and sufficiency of financial and technical support, difficulties with the GEF implementing agencies and the GEF review and approval processes; training; information flow and exchange; and institution-strengthening. Many non-Annex I Parties are of the view that the level of funding for enabling activities is still inadequate and more financial and technical assistance is needed.

51. Timely disbursement of approved funds, in particular the 15 per cent to be disbursed immediately after project approval under the expedited procedures, remains a problem due to the disbursement procedures of the implementing agencies. There is an urgent need for the GEF secretariat to resolve this issue with the implementing agencies, so as to avoid any long delay in the disbursement of funds.

52. Further assistance and additional funds are needed to fill in various gaps identified during the preparation of initial national communications, as reflected in decision 2/CP.4.

53. Capacity-building in various areas related to Articles 12.1 and 4.1 remains a major issue for many non-Annex I Parties.

54. Some non-Annex I Parties suggested that the scope of the GEF review on enabling activities be enlarged to include not only those related to the preparation of national communications, but also those related to response measures as envisaged under Article 4.1. They also urged that the review process should be more transparent.